

SUPERIOR CONTRIBUTION INCREASE PROCESS DESK GUIDE

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SUPERIOR CONTRIBUTION INCREASE PROCESS

DESK GUIDE

I. INTRODUCTION

This Desk Guide is a resource for any non-bargaining unit Core Compensation employee involved in the implementation of the Superior Contribution Increase (SCI) Process. Therefore, it does not apply to bargaining unit positions not covered by the FAA's Core Compensation Plan, or to those bargaining units who have negotiated their own system for determining how the annual pay increase is to be applied.

Specifically, the Desk Guide:

- Describes the history of the process and its relevance and importance to the Agency;
- Explains the relationship of the Performance Management System and the Superior Contribution Increase Process;
- Identifies the overarching concepts and principles of the SCI process; and,
- Provides information and guidance on each of the steps in the process and the tools needed to support them

Additionally, as appendices, there is a Glossary and samples of the Employee Self-Assessment form, the Contribution Assessment Decision Aid, and the Peer or Second Level Review Guidelines.

Note: Areas that are subject to LOB/SO discretion are indicated by italics throughout the document. Materials specific to the LOB/SO can be placed behind the “Addendum” tab.

II. BACKGROUND

A. *History*

The FAA Core Compensation Plan was implemented in April 2000 for all non-bargaining unit employees. Following are excerpts from the Administrator's messages that explain the intent and potential benefits of the system.

“I am convinced that FAA must make fundamental improvements in outcomes for our customers. One aspect of our new compensation system is the linkage of pay with organizational as well as individual performance. Best practices show that

such linkages improve outcomes for customers. I am also convinced that the new compensation system is one of the key strategic tools that will help us achieve our prime business objectives. When FAA sets prime business objectives, we can link the objectives to performance, and then link performance to pay.”

“I believe the strategic principles and objectives of this system align with our business goals while ensuring the equitable treatment of our employees. Our new pay system will more clearly define the skills our employees need for success, link pay to achieving results -- both individually and organizationally -- and provide managers greater flexibility to recognize and reward top contributors.”

“The reason for choosing a market-based, performance-based compensation system is because experience in the public and private sector indicates this helps to increase productivity and sharpen customer focus.”

“Among all the studies and discussions of compensation over the past several years, there is almost universal agreement on one point: compensation systems need to be properly aligned with the needs and goals of an organization. That's what it meant by ‘performance-based’. This is not meant to suggest that employees have not performed well in the past, but that compensation and performance management need to be more closely linked to the strategic goals of the organization.”

According to the Administrator's messages, the plan is designed to:

- Underscore the importance of organizational success and reward employees for their role in that success;
- Communicate what is most important to the organization -- and in the process enhance the way we get our work done;
- Emphasize the importance of employee performance, contributions, and intellectual capital (realizing that employees are our greatest asset!);
- Redefine the managers' role in compensation decisions for non-bargaining unit member employees -- delegating responsibility and increasing accountability;
- Permit more flexible and more competitive pay setting, which will help us get the best people in the right places;
- Provide decision making tools that help ensure we make the best compensation decisions and do so fairly;
- Streamline administrative processes and workflow; and,

- Provide a platform for building and inter-relating other human resource programs.

B. Pilot and Trial Run

In July of 1998, approximately 1,200 non-bargaining unit ARA employees piloted the agency's new compensation plan for 18 months. The plan was evaluated and refined as needed prior to implementation throughout the agency.

In April of 2000, some 5,800 employees transferred to the new core compensation system. A shadow run of the Superior Contribution Increase (SCI) process was conducted for one year. This shadow period for the agency provided the opportunity to experiment with the SCI process and to make process improvements before full implementation.

A trial run of the Superior Contribution Increase (SCI) process was conducted during May and June of 2001. Managers in most FAA lines of business and staff offices practiced the SCI process for their non-bargaining unit employees covered by the Core Compensation Plan.

The SCI trial run did not impact employees' salaries. Instead, the trial run allowed managers to become familiar with the SCI criteria, decision tools and the process. The trial run provided lessons learned for making adjustments to the process.

In July of 2001, an evaluation of the trial run was conducted. Managers provided feedback on the trial run through a survey, focus groups, and interviews. The evaluation provided the results the agency was looking for -- feedback to help determine the next course of action. To that end, it was determined that the first SCI payout will be made in December 2002, rather than December 2001.

The first SCI cycle is from October 2001 through September 2002, with a payout in the December 2002 - January 2003 timeframe. The payout will be based on an assessment of employees' contributions between October 2001 and September 2002. This will allow employees to become familiar with the SCI criteria. It will also give managers and supervisors an entire year to observe and evaluate employee contributions.

C. Relationship of PMS and SCI

Both the Performance Management Systems and the Superior Contribution Increase Process are integral parts of the Agency's movement from an entitlement-based organization to an innovative, performance-based organization. Both the PMS and the SCI process require managers to make judgments about employees' performance that have important consequences for employees. Additionally, in both processes, employee input is strongly encouraged.

While there are similarities, such as these between the two, there are also important differences, which are described below.

Performance Management System	Superior Contribution Increase Process
Purpose is to maximize individual employee performance through on-going, daily management	Purpose is to make annual monetary acknowledgements for contributions
Expectations are developed jointly between the manager and the employee	Mandatory criteria have been developed for Agency-wide use
Requires face-to-face meetings 2-3 times per year	Periodic formal feedback is encouraged
Monetary recognition awards are not increases to base pay	Monetary acknowledgements are increases to base pay
Performance Summary is a written narrative	Contribution Assessment includes, but is not limited to, a written narrative

III. CONCEPTS AND PRINCIPLES

A. Components of the Annual Increase

The Organizational Success Increase (OSI) is an annual base pay increase that is granted if the FAA meets its organizational performance goals. The increase is distributed to employees who meet minimum tenure and performance thresholds.

The Superior Contribution Increase (SCI) is an additional increase to base pay that is available to employees who provide superior contributions to the organization.

B. Eligibility

To be eligible for an annual increase, an employee must be on FAA rolls in a position covered by the Core Compensation Plan on the effective date of the increase and must have met each of the following criteria:

- Worked in the FAA for at least 90 days of the performance year.
- Met a minimum threshold of satisfactory performance.
- Not received a suspension of any duration, demotion for performance or conduct, or removal, during the performance year:

Note: *Heads of lines of business or staff offices may approve exceptions for suspensions (no exceptions are permitted for demotions or removals.)*

C. Superior Contribution Increase (SCI) Criteria

Three agency-wide criteria cover all employees under the Core Compensation Plan. There is an additional criterion for all managers. *Each LOB/SO may add up to two LOB/SO-specific criteria, subject to the approval of the Compensation Committee. Any additional criteria must be formatted similarly to the agency-wide criteria and supporting tools must be modified accordingly.*

The criteria below must be applied to make SCI determinations. The first three must be applied to both managers and non-managers. The fourth must also be applied to managers.

For Employees and Managers:

Collaboration: Working with others to contribute to the productivity and success of the organization.

Customer Service: Providing products and services that meet the needs of internal and/or external customers and which are sound and delivered on time.

Impact on Organizational Success: Successfully setting priorities and completing work that directly affects the ability of his or her organization to meet its performance objectives and deliver high quality products and services.

For Managers Only:

Management Leadership: Creating a work environment that results in the delivery of high quality products and services which are timely and within budget and demonstrating a commitment to the values of diversity, Model Work Environment, team development, fiscal responsibility, performance management, and adherence to applicable workplace safety requirements.

To be considered a manager the individual must perform each of the following.

- Assigns work to employees;
- Approves employees' leave;
- Evaluates employees' performance; and,
- Initiates corrective or disciplinary action.

D. Annual Increase Levels

Employees will receive an annual increase equivalent to one of the levels below. Ineligible employees will receive no annual increase.

No variation in the amount of the OSI or SCI is permitted. However, the percentage of employees who receive the OSI, SCI-2, and SCI-1 may vary from the norm by +/- 2.5% on an overall line of business or staff office-wide basis.

Increase Level	Amount	Target Distribution
No increase	None	Ineligible employees
OSI	General increase + 1.0%	35% of eligible employees
SCI-2	OSI + .6% of Base Salary	45% of eligible employees
SCI-1	OSI + 1.8% of Base Salary	20% of eligible employees

While total line of business or staff office distributions must be consistent with the target distributions listed above, targets within each line of business or staff office (LOB/SO) are at the discretion of the appropriate Associate or Assistant Administrator. Distributions among LOB/SO sub-organizations (e.g., service, division, branch, team) may vary.

E. Pools

Pools are groupings of employees who perform similar work or who share the same job category. Once established, the pools are used for applying the allocations of SCI increase levels, or percentages. The top management in the LOB/SO is responsible for approving the pool determinations.

Decisions on pools may vary from LOB/SO due to differences in organizational structure, and/or the number, geographical location, and job categories of employees.

Pool Guidelines:

- Pools should be comprised of employees in the same category (e.g. Clerical, Support, Administrative Support, Technical Support, Technical, Engineering, Professional, Paraprofessional, Specialized).
- Where it is not possible or efficient to establish pools comprised of employees in the same category, categories can be combined.
- Preferred combinations would result in pools in which employees perform similar work or pools consisting of categories with similar pay band coverage. Yet again, geographic location may be the basis for pooling in a situation of where there is a remote location.
- To the extent possible, managers should be grouped together, separate from employees.

F. Sphere of Influence

The SCI criteria apply to all jobs covered by the Core Compensation Plan. There is no differentiation between categories, series, occupations, or career levels. Since this is the case, the context within which each employee works – his or her own “sphere of influence” – must be considered so that all eligible employees have equal opportunities to be recognized as superior contributors.

An employee’s sphere of influence is the relationship of his/her actual contributions as compared to his/her opportunities to contribute. An employee’s opportunity to contribute can be affected by many factors, such as:

- Scope of responsibilities;
- Performance requirements or expectations; and/or
- Degree of interaction with customers, stakeholders, etc.

For instance, an individual on a very high visibility project has a much greater likelihood of making contributions due to the requirements of the work and the individuals with whom the work may be conducted. That person's sphere of influence is very different than another employee with the same position or title who is not assigned to a project.

It is only by considering one's sphere of influence that every eligible employee has an equal opportunity to achieve recognition as a Superior Contributor.

Considering an employee's sphere of influence means that the point of reference for applying the criteria must be the expectations and opportunities that are specific to the duties and responsibilities of the employee's own position, not those of others at different career levels or locations in the organization. Furthermore, the contributions of all employees, those who perform operational functions and those who perform support functions, must be considered equally.

Example:

Two employees are assigned to job series in the Technical Category. One employee, who is in a developmental status, is at Pay Band G. The other employee, whose work consists of managing a large project, is at Pay Band K. Both employees are assigned to the same grouping for consideration.

The Pay Band G developmental employee's contributions exceed the expectations of his or her position. The Pay Band K project manager's contributions meet the expectations of his or her position. The outcome, when each employee's sphere of influence is considered, would be a larger annual increase (as a percentage of base pay) for the developmental employee than for the project manager.

IV. SUPERIOR CONTRIBUTION INCREASE

A. Framework: Steps 1-3

Step 1: *LOB/SO senior managers review agency-wide criteria and determine whether additional, specific criteria are appropriate.*

Step 2: *LOB/SO establishes LOB/SO review processes and makes grouping ("pool") decisions.*

Step 3: *LOB/SO establishes review procedures and approval levels appropriate to the organization. This may include provision for peer and second-level review, depending on such factors as the size of pools, geographic location, availability of peers, and second level managers' knowledge of subordinates at lower*

levels. A “peer,” in this case, is a manager who is the peer of a manager who makes annual increase recommendations or decisions. “Peers” act as a second set of eyes who review recommendations or decisions for consistency, soundness, and clarity. “Peers,” however may not change the recommendations or decisions. A checklist for peer and second level reviewers is at Appendix D.

B. Implementation: Steps 4-6

Step 4: *LOB/SO communicates pool composition and LOB/SO processes and procedures to employees.*

Note: For the current fiscal year, the pool composition should be communicated to employees not later than the end of the third quarter. During subsequent fiscal years, the pool composition should be communicated within the first two months of the fiscal year.

Step 5: *Employees provide input to managers. While optional, employee self-assessment is encouraged.*

Employee Contribution Self-Assessment Document

Employees are encouraged to provide relevant, focused input concerning their contributions during the year to help their managers make annual increase recommendations and decisions. An Employee Contribution Self-Assessment Document has been developed to facilitate that process. The document is attached as Appendix B.

The Employee Contribution Self-Assessment provides employees an opportunity to document their contributions prior to the manager’s assessment. While this is not mandatory, it is strongly encouraged. By completing a self-assessment an employee can ensure that nothing is overlooked and that specific details of the results of the contributions made have been noted. This is the employee’s best opportunity to make the manager’s assessment a complete and accurate reflection of his/her efforts.

The format of the self-assessment form is identical to that of the Contribution Assessment Decision Aid (CADA) that the manager will use. There is a section for each criterion and questions to respond to under each criterion. The input for each criterion should focus on the results of the contributions made, not just

actions taken. For instance, providing a list of training events completed is not useful information. Instead, clarifying what was achieved in terms of providing a product or service, explaining how customers were served, or describing how the organization was positively impacted is of much greater importance. Entries should be brief, factual and results-based relative to the criteria.

If an employee completes the self-assessment, the manager must consider the input and attach the document to the completed CADA prior to forwarding for review.

Step 6: LOB/SO managers assess employee contributions. *LOB/SO determines the organizational level responsible for adhering to prescribed annual increase distributions (OSI, 35%; SCI-2, 45%, and SCI-1, 20%). Responsibility for adhering to required percentages may be delegated to individual pool managers.*

Assessment Guidelines

- It is critical that supervisors and managers who make recommendations and decisions be at a level close enough to employees to be personally knowledgeable of their contributions.
- Each employee who is eligible for an annual increase must be assessed.
- Decisions on the amount of each employee's annual increase must be based on the assessment.
- The employee's "sphere of influence" must be considered in making assessments.
- An employee's self-assessment, if completed, must be considered prior to the completion of the CADA.
- Managers should not discuss assessments or recommendations with employees until final LOB/SO decisions have been made.

Contribution Assessment Decision Aid (CADA)

A Contribution Assessment Decision Aid (CADA) has been prepared to help decision-makers differentiate between levels of contributions. That document, which addresses each criterion, is attached as Appendix C. Instructions for completion are included in the document.

Each criterion is supported by a set of descriptors. Not all descriptors are relevant to all positions nor are the descriptors all-inclusive. However, the descriptors address the aspects of the criteria that are critical to agency values and objectives and must serve as the primary basis for assessments.

Managers must complete a CADA for each employee who is eligible for an annual increase. Completed documents must include a narrative summary that addresses each eligible employee's contributions. Contributions must be described in sufficient detail to document the recommended pay increase (OSI, SCI-2, SCI-1). Documentation must be concise, legible, and based on results relative to the expectations for that employee's job category and work assignments.

Special Circumstances

A. Details

- Employees who are on detail on September 30 will be considered for an annual increase within their "home" organization. This is the organization where their position of record is located.
- "Home" organization managers are responsible for seeking information about employees' contributions from managers of organizations to which employees have been detailed. When employees have been detailed for extended periods during the year, managers of host organizations should complete a CADA assessing the contributions the employee made while detailed and submit the CADA to the employee's manager of record.
- Employees detailed outside of the Agency will be considered for an annual increase within their "home" organization. The "home" organization managers are responsible for seeking input about the employees' contributions from managers of organizations to which employees have been detailed.
- Employee Self-Assessments should be submitted to the assessing manager.

B. Transfers

- Employees transferred from another LOB/SO will be considered for an annual increase within with their organization of record on September 30.
- “Home” organization managers should seek input about employees’ contributions from managers of previous organizations if employees have been in current organizations a short period of time.
- Employee Self-Assessments should be submitted to the assessing manager.

C. Temporary Promotions

- Employees who have been temporarily promoted will be assessed in the position they occupy on September 30.
- The manager of the person in the temporary position should seek input about employees’ contributions from the manager’s of their “home”/permanent positions, as appropriate.
- Employee Self-Assessments should be submitted to the assessing manager.

Disclosure and Record Keeping

- The Contribution Assessment Decision Aid and Employee Contribution Self-Assessment documents must be fully completed and retained in the employee’s performance folder for two years. These documents are discoverable; they are not private notes. They are subject to review by authorized parties to a dispute involving annual increase decisions. If a decision is challenged, the documents must be retained for the life of the challenge.
- Employees have the right to see only their own results, not those of others. Others’ results may not be disclosed to employees. However, authorized third parties may be granted access during formal proceedings.

C. *Final Decisions: Steps 7-8*

Step 7: Managers forward recommendations and decisions through the LOB/SO hierarchy. Higher level reviewers should review recommendations and decisions to ensure that:

- Peer review requirements have been satisfied,
- Decision tools are adequately documented,
- Decisions are consistent, and
- Each employee's "sphere of influence" has been considered.

Step 8: After LOB/SO approval processes are completed, managers notify employees of results.

When SCI recipients are notified of the results of the actual assessment, it is likely that some employees will approach managers to inquire about the decisions. Managers should schedule a brief, private meeting with each eligible employee to discuss the results. (Simply telling the employee what his/her level of increase is may be detrimental or discouraging.) During the discussion, the manager should focus on the contributions made relative to the criteria and the sphere of influence, while being careful not to compare employees or discuss others' results.

The goal of the manager should be to provide the employee specific input about his/her contributions and to encourage future development. If applicable, discussing the quality of the input provided by the employee may be useful.

GLOSSARY

Contribution Assessment Decision Aid Form (CADA) - a form used by the supervisor in documenting the contributions of his/her employee during the SCI assessment period. The form supports the recommendation made by the supervisor for any pay increases resulting from this process. This form can be found at www.faa.gov/corecomp/docs/cada1212.doc

Employee Contribution Self-Assessment - a form used by the employee to provide focused, relevant input about their contributions to their supervisors. This is optional on the part of the employee, but if the employee submits this form, the information on it will be considered when the supervisor completes the CADA and develops their recommendation for the employee's annual pay increase. This form can be found at www.faa.gov/corecomp/docs/input1_1.doc

Manager - The term "manager" covers all non-executive jobs that were formerly called "supervisors". To be considered a manager, the individual must perform each of the following: assign work, approve leave, evaluate performance and initiate corrective or disciplinary action.

Organizational Success Increase (OSI) - an annual base pay increase distributed to employees who meet minimum tenure and performance thresholds.

Peer Manager - A manager who works at the same level of the organization, with similar responsibilities, etc., as the manager making annual increase recommendations or decisions. Peer managers objectively review recommendations or decisions for consistency, clarity and compliance with the process. They may not change the recommendations or decisions.

Pools - Groupings of employees who are in the same category (e.g., Administrative, Professional, Technical, Engineering, etc.) who therefore perform similar work functions and/or have similar pay band coverage. To the extent possible, managers are grouped separately from employees. The percentages of payouts for each level (or targets) are applied to each pool.

SCI Assessment Cycle - the period of time required for the SCI process to be worked completely. This includes not only the twelve-month period over which contributions are assessed, but also preparation time before the year begins and feedback and payout time after the year-ends. The full cycle is approximately 16 months long.

SCI Assessment Period - the twelve-month period identified by the agency as the period of time during which employee contributions will be assessed. The assessment year is only part of the full assessment cycle, which includes the preparation time, feedback sessions and payouts. This period generally runs from October 1 to September 30.

SCI Criteria - Definitions of levels of activities that are used in the SCI process to identify superior contributors. These criteria can change from year to year. Agency criteria apply to all lines of business and staff offices. Individual LOB's have the option of adding up to two LOB specific criteria, but no LOB can change or delete an agency-wide criteria. ATS has determined that it will not include additional criteria at this time.

Sphere of Influence - A concept that requires managers to compare each employee's actual contributions to his/her opportunities to contribute to the organization in order to make a relative assessment of each employee. The purpose of the concept is to ensure all eligible employees have equal opportunities to be recognized as superior contributors.

Superior Contribution Increase (SCI) - an addition to the OSI paid to superior contributors as part of the annual base pay increase.

Targets - Annual Increase Levels, or the percentage of eligible employees who can receive a given amount of increase. (OSI = 35% of eligible employees, SCL-2 = 45%, and SCI-1 = 20%)